

## Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01 CIAE-00

CIEP-01 COME-00 DODE-00 EB-07 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 USIA-06

SAM-01 OES-06 SP-02 SS-15 STR-04 TRSE-00 PA-01 PRS-01

/095 W

----- 027843

R 030949Z APR 76

FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5676

INFO AMCONSUL BOMBAY

AMCONSUL CALCUTTA

AMCONSUL MADRAS

LIMITED OFFICIAL USE NEW DELHI 6431

EO 11652: NA

TAGS: ENRG, EINV, IN

SUBJ: CALTEX NEGOTIATIONS

REF: NEW DELHI 5932

1. CALTEX REPRESENTATIVES BRIEFED ECON COUNSELOR  
APRIL 30 ON INITIAL DAY OF NEGOTIATIONS. GOI HAS  
REVIEWED COMPENSATION ARRANGEMENTS NEGOTIATED EARLIER  
WITH EXXON AND BURMAH-SHELL AND HAD CONCLUDED THAT  
AMOUNT DUE TO CALTEX UNDER SIMILAR TYPE OF ARRANGEMENT  
WOULD BE SOMEWHERE BETWEEN \$7-\$15 MILLION DOLLARS  
(CALTEX HAD EARLIER DONE SAME MATHEMATICAL EXERCISE  
AND COME UP WITH \$15 MILLION FIGURE). WHILE GOI WAS  
PREPARED TO GO OVER MATHEMATICS ON THIS ISSUE AND  
LARGE NUMBER OF SMALL TECHNICAL MATTERS WHICH MUST  
BE RESOLVED, IT WAS NOT PREPARED TO CONSIDER ANY  
CHANGE IN FUNDAMENTAL FRAMEWORK ESTABLISHED IN  
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EARLIER TWO TAKEOVERS.

2. CALTEX HAS REPLIED THAT GOI APPROACH WAS UNACCEPT-  
ABLE. DELEGATION HAD COME TO INDIA FOR "COMMERCIAL  
NEGOTIATIONS" AND THERE WERE NUMBER OF OTHER MORE

REASONABLE BASES FOR EVALUATION OF CALTEX PROPERTIES.  
CALTEX ESTIMATED ITS VALUE AT \$30-45 MILLION AND CON-  
CLUDED IT WAS WILLING TO "CONSIDER" AN OFFER AT THE  
LOWER END OF THIS SCALE.

3. CALTEX IS CONCERNED THAT THERE IS UNLIKELY TO BE  
ANY SUBSTANTIAL GIVE IN THE GOI POSITION. IN VIEW  
OF CALTEX' WORLD-WIDE INTERESTS, IT IS NOT PREPARED TO  
ACCEPT A FORMULA WHICH COULD HAVE SERIOUS ADVERSE  
EFFECTS IN OTHER COUNTRIES. DISCUSSIONS LIKELY TO  
CONTINUE TO MAY 3 IN ORDER TO PERMIT PARTICIPATION  
OF PETROLEUM SECRETARY VOHRA WHO HAS BEEN OUT OF THE  
COUNTRY. HOWEVER,  
LIKELY SCENARIO IS NO SPLICANT  
PROGRESS AND ADJOURNMENT OF TALKS BCCVAPJDER# TO PERMIT  
BOTH SIDES TO CONSIDER THEIR POSITIONS. DETA  
LED  
CALTEX LETTER ON VALUATION BASES HAS BEEN POUCHED TO  
NEA/INS MORLEY.

4. COMMENT: WE DOUBT THAT THERE IS MUCH GIVE IN  
THE GOI POSITION THOUGH IT MAY NOT BE IN ANY GREAT  
HURRY TO COMPLETE CALTEX NEGOTIATIONS. WE ARE  
URGING CALTEX TO PRESENT ITS POSITION ON ALTERNATIVE  
VALUATION BASES TO SENIOR GOI OFFICIALS IN ORDER TO  
AVOID IMPRESSION THAT CALTEX IS UNWILLING  
TO NEGOTIATE.  
SAXBE

NOTE BY OCT: #TEXT AS RECEIVED.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PETROLEUM INDUSTRY, NATIONALIZATION, COMPENSATION, NEGOTIATIONS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 03 APR 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** saccheem  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976NEWDE06431  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760170-0258  
**From:** NEW DELHI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760499/aaaadhgg.tel  
**Line Count:** 95  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION NEA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 76 NEW DELHI 5932  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** saccheem  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 07 JUN 2004  
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**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** CALTEX NEGOTIATIONS  
**TAGS:** ENRG, EINV, IN, US, CALTEX  
**To:** STATE  
**Type:** TE  
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